

(A187, R186, H4940)

A JOINT RESOLUTION TO ESTABLISH THE ELECTRICITY MARKET REFORM MEASURES STUDY COMMITTEE, TO PROVIDE FOR THE STUDY COMMITTEE'S MEMBERSHIP AND THE COMMITTEE'S AFFILIATED NONVOTING ADVISORY BOARD, TO PROVIDE THAT THE COMMITTEE SHALL STUDY WHETHER TO RECOMMEND THE ADOPTION OF VARIOUS ELECTRICITY MARKET REFORM MEASURES AFFECTING THE PROVISION OF ELECTRIC SERVICE IN SOUTH CAROLINA AND THE POTENTIAL PUBLIC BENEFITS ASSOCIATED WITH THESE MEASURES, TO REQUIRE THE STUDY COMMITTEE TO ISSUE A REPORT WITH FINDINGS AND RECOMMENDATIONS, TO REQUIRE THE STUDY COMMITTEE TO RETAIN A THIRD-PARTY, INDEPENDENT, EXPERT CONSULTANT, OR CONSULTANTS, TO ADVISE THE STUDY COMMITTEE, AND TO PROVIDE FOR THE DISSOLUTION OF THE STUDY COMMITTEE.

Whereas, much of the electric service provided in South Carolina is currently provided by vertically integrated providers of electric distribution and transmission services; and

Whereas, the State recognizes that existing nuclear power plant units in operation and located in this State or in the balancing authority of electrical utilities or public power agencies operating in this State provide an emissions-free generating source of power while also providing employment and economic benefits for a significant number of South Carolinians, and this study is not intended to force divestiture of ownership or cessation or operation of any nuclear power plant unit in operation; and

Whereas, the State has adopted measures to diversify the resources used to reliably meet the energy needs of consumers in the State through Act 62 of 2019 and through other measures; and

Whereas, the adoption of measures to reform the structure of the existing electric generation, transmission, or distribution service may further promote the development of and access to low cost, reliable resources for the benefit of South Carolina consumers; and

Whereas, any electricity sector regulatory framework changes, the restructuring of existing electric transmission service, or joining an

existing or creating a new regional transmission organization (RTO) may require changes to state law as well as federal authorization. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

Electricity Market Reform Measures Study Committee created

SECTION 1. (A)(1) There is created the Electricity Market Reform Measures Study Committee. The study committee is comprised of eight members:

(a) four members of the House of Representatives, all serving ex officio, appointed by the Chairman of the House Labor, Commerce and Industry Committee; one member shall be a customer of Dominion Energy, one member shall be a customer of Duke Energy, one member shall be a direct-serve customer of the Public Service Authority, and one member shall be a customer of an electric cooperative; and

(b) four members of the Senate, all serving ex officio, appointed by the Chairman of the Senate Judiciary Committee; one member shall be a customer of Dominion Energy, one member shall be a customer of Duke Energy, one member shall be a direct-serve customer of the Public Service Authority, and one member shall be a customer of an electric cooperative.

(2) The study committee shall meet as soon as practicable after the enactment of this joint resolution to organize and to elect one co-chairman from the Senate appointees and one co-chairman from the House appointees. The co-chairmen shall be elected by a majority vote of the study committee members.

(B) The study committee shall include a nonvoting advisory board. The advisory board is comprised of:

(1) the Executive Director of the Office of Regulatory Staff, or her designee;

(2) a representative of AARP South Carolina;

(3) the South Carolina President of Duke Energy, or his designee;

(4) the Chief Executive Officer of the South Carolina Public Service Authority, or his designee;

(5) the President of Dominion Energy South Carolina, or his designee;

(6) two representatives of residential consumers of electricity in South Carolina appointed by the Chairman of the Senate Judiciary Committee;

(7) two representatives of commercial consumers of electricity in South Carolina appointed by the Chairman of the House of Representatives Labor, Commerce and Industry Committee;

(8) two representatives of industrial consumers of electricity in South Carolina, one of the representatives must be appointed by the Chairman of the House of Representatives Labor, Commerce and Industry Committee, and one representative must be appointed by the Chairman of the Senate Judiciary Committee;

(9) a representative of the Coastal Conservation League;

(10) a member company of, and appointed by, the South Carolina Solar Business Alliance;

(11) a member company of, and appointed by, the South Carolina Chamber of Commerce;

(12) a representative of the South Carolina Electric Cooperatives;

(13) a representative of Piedmont Municipal Power Agency;

(14) a representative of the South Carolina Municipal Power Association;

(15) a member company of, and appointed by, the South Carolina Manufacturers' Alliance;

(16) a representative of a renewable power developer primarily engaged in the development of utility-scale solar projects appointed by the Chairman of the House of Representatives Labor, Commerce and Industry Committee;

(17) a representative of a renewable power developer primarily engaged in the development of residential-rooftop solar projects appointed by the Chairman of the Senate Judiciary Committee;

(18) a representative of Central Electric Cooperative;

(19) the South Carolina President of Lockhart Power, or his designee; and

(20) a representative of the farming or agricultural community appointed by the Chairman of the House of Representatives Labor, Commerce and Industry Committee.

(C) The nonvoting advisory board members shall be permitted to utilize for study committee-related matters technical support staff, including outside consultants and counsel, from the entity that the member represents.

Study committee responsibilities

SECTION 2. (A) For purposes of this section, "RTO" means regional transmission organization or other entity established for the purpose of promoting the efficiency and reliability in the operation and planning of the electric transmission grid and ensuring nondiscrimination in the

provision of electric transmission services meeting the minimum criteria established by the Federal Energy Regulatory Commission under 18 C.F.R. Section 35.34.

(B) The study committee shall:

(1) study whether to recommend any of a variety of electricity market reform measures, encompassing the full range of possible market reforms that may benefit South Carolina consumers including, but not limited to, the following:

(a) establishing a South Carolina Regional Transmission Organization or an RTO including South Carolina and other Southeastern states;

(b) joining an existing RTO;

(c) establishing an energy imbalance market;

(d) requiring vertically integrated electrical utilities to divest their generation or transmission assets, or both;

(e) enabling full consumer retail electric service choice;

(f) enabling partial consumer retail electric service choice such as nonresidential customer choice;

(g) authorizing community choice aggregation in South Carolina;

(h) redesigning the distribution system operator role in South Carolina to accommodate a modernized distribution grid featuring high levels of distributed energy resources, including exploration of establishing an independent distribution system operator and distribution-level electricity markets;

(i) measures to accelerate reductions in emissions associated with South Carolina's electricity supply;

(j) establishing joint dispatch agreements among state or regional utilities;

(k) other beneficial regulatory framework changes; and

(l) establishing or preserving consumer rate structures that more closely align consumer interests with electric system interests;

(2) study whether the General Assembly should require any electrical utility, electric cooperative, or the Public Service Authority of South Carolina to take actions necessary to implement one or more of the studied electricity market reform measures; and

(3) study the costs and benefits to consumers and the financial and operational impacts to integrated service providers of any market reform measures recommended.

(C) At a minimum, the study shall address the following issues:

(1) the legal and procedural requirements associated with adoption of any recommended electricity market reform measures, including identification of existing laws, regulations, and policies that may need to

be amended in order to implement the electricity market reform measures;

(2) the potential costs and benefits to South Carolina electric consumers and ratepayers of each electricity market reform measure studied based on factors including, but not limited to: generation production cost savings, fuel savings, transmission cost savings, battery storage, reliability, resiliency, generation resource diversity, generator availability, the promotion and integration of demand response and energy efficiency, deployment of renewable resources, deferral of capital investments, the effect on economic development and retention of industry, stranded costs and regulatory mechanisms to mitigate any stranded costs, and the long-term impact on consumer rates and service quality in the short and long term; and

(3) the experience of other states with adopting each electricity market reform measure studied.

(D) By November 1, 2021, the study committee shall issue a report on its work to the General Assembly that may include recommendations that the State take action or not take action on any of the market reform measures studied. A recommendation that the State take action shall be based upon a finding by a majority of the voting members that one or more electricity market reform measures is in the public interest, taking into consideration expected consumer costs and benefits of the electricity market reform measures, and is otherwise consistent with the provision of reliable, safe, and low-cost electric service to ratepayers in South Carolina and within the balancing authority of the electrical utility.

(E) If the study committee recommends that the State take action, the report issued by the study committee shall include draft legislation and identify requirements that should be established, as applicable, that, including, but not limited to:

(1) promoting:

(a) the reliable planning, operating, maintaining, and upgrading of the transmission and distribution systems and any necessary additions;

(b) the safe, reliable, and efficient operation of transmission and distribution systems; and

(c) policies for the pricing and access for service over such systems that are not unduly discriminatory and are consistent with the orderly development of competition in the State;

(2) are consistent with lawful requirements of the Federal Energy Regulatory Commission regarding the establishment of an RTO, if applicable; and

(3) generally promote the public interest and are consistent with:

(a) ensuring that consumers' needs for economic and reliable electric service are met, including creating cost savings and reduced

electric rates over the long term for consumers as compared to maintaining the status quo; and

(b) meeting the transmission and distribution needs of electric generation suppliers and consumers both within and without this State and respective balancing authorities, including those that do not own, operate, control, or have an entitlement to transmission and distribution capacity.

Independent expert consultant required

SECTION 3. The study committee shall retain a third-party, independent, expert consultant or consultants to advise the study committee and issue its own opinion as to what market reform measures studied, if any, benefit South Carolina consumers. The third-party, independent, expert consultant or consultants must advise on the economic costs and benefits of each course of action and also must make its recommendation to the study committee. The third-party, independent, expert consultant or consultants must be selected by the co-chairmen of the study committee. Engagements procured under this provision are exempt from the South Carolina Procurement Code.

Study committee's dissolution

SECTION 4. The Electricity Market Reform Measures Study Committee shall dissolve and terminate upon its submission to the General Assembly of the committee's final report.

Time effective

SECTION 5. This joint resolution takes effect upon approval by the Governor and is contingent upon appropriations by the General Assembly.

Ratified the 25th day of September, 2020.

Approved the 29th day of September, 2020.
